

World Beef Trade Overview

Total Beef Exports Forecast at Record Level for 2002; U.S. Beef Exports Decline

World Trade: Total beef exports for major exporting countries are forecast to increase 4 percent to a record 6 million tons in 2002, as most major competitors are forecast to increase exports. United States beef exports are forecast to decline further from record 2000 levels as competition stiffens in the world market. *For additional analysis, data, and updated Country Pages, please refer to the USDA/FAS Dairy, Livestock, and Poultry Division at www.fas.usda.gov/dlp/dlp.html*

Key Exporters:

- **United States:** Beef exports are forecast to reach just under 1 million tons in 2002, the lowest level since 1998. Lower beef production in the United States is expected to boost prices in 2002, and these higher domestic prices and a strong dollar are expected to hamper U.S. beef exports. U.S. beef is also bearing the brunt of reduced consumer demand in Japan following the detection of three cases of Bovine Spongiform Encephalopathy (BSE) in the fall of 2001. U.S. beef exports to other major markets in North America and Asia are expected to remain near record levels. The United States is the world's second largest beef exporter.
- **Argentina:** Beef exports are forecast up sharply at 230,000 tons in 2002 as the recovery from the foot-and-mouth disease (FMD) outbreak is well underway. The reopening of the European Union (EU) and some other major markets and the devaluation of the Argentine Peso are driving the export recovery. Argentina may be hard pressed, however, to fully regain major markets such as Chile, Israel, and the EU, where Brazil made big gains in 2001 at Argentina's expense. Argentina is the world's eighth largest beef exporter.
- **Australia:** Beef exports are forecast to reach a record of just over 1.4 million tons in 2002 as production grows and market presence in Canada, Korea and Mexico expands. Australia in 2001 displaced the United States as Japan's number one beef supplier. Australia filled its U.S. import quota in 2001, and is expected to do so again in 2002. Australia is the world's largest beef exporter.
- **Brazil:** Beef exports are forecast at a record 800,000 tons in 2002, building on a string of records. In 2001, Brazil made significant inroads into a range of markets, including Egypt, Iran, and Saudi Arabia. Aggressive marketing campaigns in the EU touting Brazilian beef as natural and grass-fed, and new beef trading agreements with Russia, should help Brazil expand its beef exports in 2002. However, Argentina's return to world beef markets will increase competition. Brazil is the world's third largest beef exporter.
- **Canada:** Beef exports in 2002 are forecast to rise for the eleventh straight year to a record 580,000 tons, with the United States and Mexico remaining the main markets for Canadian beef. Over 80 percent of Canada's beef exports go to the United States, but Canada has become important in other beef markets such as Mexico, where

Canada has increased its market share from less than 1 percent in 1997 to 19 percent in 2001. Canada is the world's fifth largest beef exporter.

- **European Union:** Beef exports are forecast to rebound by 20 percent from low 2001 volumes to 638,000 tons in 2002, as previously key markets such as Egypt and Russia reopen after being closed due to BSE and FMD concerns. EU beef exports to Russia are expected to strongly recover in 2002 as Russia has rescinded its import bans vis-à-vis FMD and maintains a highly regionalized import ban with respect to BSE. The European Union is the world's fourth largest beef exporter.

Key Importers:

- **United States:** Total U.S. beef imports are forecast to reach 1.47 million tons in 2002, up nearly 3 percent from the record 1.43 million tons imported in 2001. Total imports of beef from all major suppliers, including Canada, Australia, and New Zealand, are expected to remain at record levels. The United States is the world's largest beef importer.
- **Canada:** Beef imports for 2002 are projected at a record level of 320,000 tons. The United States continues to dominate the stagnating fresh/chilled segment of the import market. Canada's frozen beef imports have shown substantial growth, all captured by major competitors, such as Australia, New Zealand, and Uruguay. Canada is the world's seventh largest beef importer.
- **European Union:** Beef imports in 2002 are forecast to rise by 14 percent to 467,000 tons as beef consumption recovers and imports resume from traditional suppliers in South America that had been suspended due to FMD outbreaks. The European Union is the world's fourth largest beef importer.
- **Japan:** Beef imports for 2002 are forecast to fall for a second year with imports slipping from 955,000 tons in 2001 to 880,000 tons in 2002, the lowest level since 1994. The detection of BSE in domestic dairy herds in the fall of 2001 and poor consumer confidence in Japanese governmental programs and industry actions taken to address the problem are reducing demand for both domestically produced and imported beef. Japan is the number one U.S. beef export market, and the world's second largest beef importer.
- **Korea:** Beef imports for 2002 are forecast to reach a record 340,000 tons, far above the reduced 246,000 tons imported in 2001. The recovery of the Korean economy and the strengthening of the Korean Won, coupled with the removal of major barriers to trade in beef products in 2001, are the leading factors in this import recovery. Korea is the third most important U.S. beef export market and the world's sixth largest beef importer.
- **Mexico:** The 2002 beef imports are forecast at a record level of 430,000 tons with the United States expected to capture the majority of the market. A growing middle-income population demanding more meat protein and a flourishing hotel and restaurant industry account for the continued growth in the meat sector. Mexico is

the United States' second largest export market for beef and the world's fifth largest beef importer.

- **Russia:** Beef imports for 2002 are forecast to increase to 750,000 tons, well above the estimated 675,000 tons imported in 2001. Much of the increase is expected to come from the EU. Russia is the world's third largest beef importer.